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Supreme Court of the United States

October Term, 1949

No. 698

RANDOLPH LABORATORIES, INC.,
Petitioner,

vs.

SPECIALTIES DEVELOPMENT CORPORATION,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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Petitioner has invoked jurisdiction of this Court under a statute which was repealed on September 1, 1948.

Respondent was not served with the record until 10 days after the time prescribed in Rule 38, Section 3.

The petition is also extremely careless in its statements of the facts.

Under the "Statement of the Matters Involved" on pages 1 and 2, the statement is made that under a group of four patents Specialties had

> "built up a business of exacting royalties, illegal price restrictions and other illegal restrictive covenants under the guise of patent ownership."

The only patent Randolph has put in issue here is the Mapes Reissue Patent No. 18,839. Specialties has never fixed prices under the Mapes patent and has never fixed prices under any patent since August 28, 1942 (Tr. 154-155: affidavit at end hereof), over eight years ago. Randolph was not incorporated until October 30, 1941 (R. 45, No. 1).

On page 2 Randolph cites two Federal Trade Commission cases in which it says Specialties was ordered to cease and desist. Specialties was not a party to either of those cases nor is it anywhere named in them. See R. 45 [5, 6].

On page 2 Randolph says that

> "Suits under one or more of the above mentioned patents have been brought in six instances, but the owners thereof never allowed the patents to be legally adjudicated on the merits."

This conduct (bringing unadjudicated suits) Randolph brands with the absurd characterization of an "illegal course of action".

Randolph is not even talking about the Mapes patent as shown by the further assertion on page 2 that as a result of "this illegal course of action" Specialties was able to claim that the entire industry was licensed under the Minor patent. The Minor patent is not in issue on this petition, but every suit brought on it resulted in the infringer either taking a license or discontinuing its infringement (R. 155a-157a).*

On pages 3 and 4 Randolph asserts that the Mapes patent is invalid and not infringed. It supports this assertion solely by challenging the facts which were held against it by the Patent Office, the District Court, and the unanimous Court of Appeals. No question of law is presented.

The first question presented (p. 4) is whether Specialties is in Court with unclean hands. This is a defense to the Mapes patent which was not pleaded, as to which there is no evidence in the record, which was not argued in the District Court, which was not appealed (R. 49) or argued in

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* Record references followed with an "a" are to pages in the 473 page Appendix to the brief for Specialties Development Corporation in the Court below.

the Court of Appeals, and which is now mentioned for the first time in the petition. This is a new defense to the Mapes patent. It is not properly in the case. The District Court did hold that there was no evidence to support the charge of unfair competition made in the complaint (R. 48, Pars. 32, 33), and this was not appealed (R. 49).

The second question presented (p. 4) is whether the Mapes patent is valid and infringed "in view of the admittedly old features" etc. The features on which validity was predicated below are features which have never been admitted to be old, and which the Patent Office, the District Court (R. 47-48) and the Court of Appeals (R. 92-94) unanimously held to be new as a matter of fact. Non-infringement is alleged only by the flat, unsupported, assertion that certain elements are not present in the accused structure, in direct contradiction of the findings of fact below that such elements are present (R. 48, No. 29; R. 94), and in direct contradiction of Randolph's qualified admission of infringement at the opening of the trial (R. 1a).*

Under the "Reasons for the Allowance of the Writ" on pages 5 and 6 the Court is asked to hold (p. 5) that

> "use of patents beyond the scope of the grant by which an illegal monopoly is established, vitiates whatever was granted in the patents, and designates the party guilty of such practices as condemned with unclean hands and therefore barred from a court of equity."

We know of no proposition of law more firmly established. *Carbice Corp.* v. *American Patents Development Corp.*, 283 U. S. 27; *Leitch Manufacturing Co.* v. *Barber Co., Inc.*, 302 U. S. 458; *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U. S. 488; *B. B. Chemical Co.* v. *Ellis*, 314 U. S. 495, 498; *Mercoid*

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* See footnote, page 2.

Corp. v. *Mid-Continent Investment Co.*, 320 U. S. 661, 666. But that law has no application to the facts of this case.

The remainder of the reasons stated consist simply in contradicting the facts as found unanimously by the Patent Office and both courts below.

In its argument on "unclean hands" pages 8 to 10, Randolph argues that Specialties is engaged in improper price fixing. Randolph completely overlooks the following facts:

1. Price fixing is legal under a valid patent (*United States* v. *General Electric*, 272 U. S. 476).

2. No prices have ever been fixed under the Mapes patent, the only patent put in issue by Randolph here. The license agreement quoted by Randolph, reproduced at R. 73, did not include or refer to the Mapes patent, and was never signed.

3. No prices have been fixed by Specialties under any patent since August, 1942 (Tr. 154-5: affidavit at end hereof).

On pages 11 to 17 Randolph argues that the Mapes patent is invalid, and cites and quotes from cases in support of various principles of law. The law cited has no application to the present case because the facts as held by the Patent Office and the courts below are contrary to those stated by Randolph. The District Court found, and the Court of Appeals held the following findings to have adequate support in the evidence:

> "27. The problem solved by Mapes was not restricted to fire extinguishers, but was present in any tank of liquefied gas at high pressures.
>
> "28. No prior art was cited showing any solution to the problem solved by Mapes, although it was one of long standing. Mapes was therefore a pioneer inventor in this particular field" (R. 93, 94).

Conclusion.

It is accordingly prayed that the petition be denied.

Respectfully submitted,

FLOYD H. CREWS,
Attorney for Respondent.

DARBY & DARBY,
HARVEY W. MORTIMER,
J. WILLIAM CARSON,
KESSLER & KESSLER,
Of Counsel.

New York, N. Y.,
April 24, 1950.

Supreme Court of the United States

October Term, 1949

No. 698

RANDOLPH LABORATORIES, INC.,
Petitioner,

vs.

SPECIALTIES DEVELOPMENT CORPORATION,
Respondent.

Affidavit.

STATE OF NEW YORK,
COUNTY OF NEW YORK, } ss.:

FLOYD H. CREWS, being duly sworn, deposes and says:

I am attorney for Respondent in the above entitled action.

The following quotation is from the sworn, direct testimony of J. William Carson, President of the Respondent in this action, which appears at pages 154 and 155 of the typewritten transcript of the record before the District Court in this case:

> "However, all of the price fixing provisions in the original agreements were abrogated on August 28, 1942, and were never placed back into effect again, in the United States."

The foregoing quotation from the transcript of the record in the District Court was not printed by Respondent in the Appendix to its brief before the Court of Appeals because Petitioner did not plead misuse of the Mapes patent in suit, and did not appeal from the decision of the District Court that Respondent is not guilty of unfair competition. Therefore the issue of misuse of the Mapes patent was not before either of the courts below.

FLOYD H. CREWS

Sworn to and subscribed before me
this 20th day of April, 1950.

EILEEN LAMERSON
Notary Public.

(SEAL)